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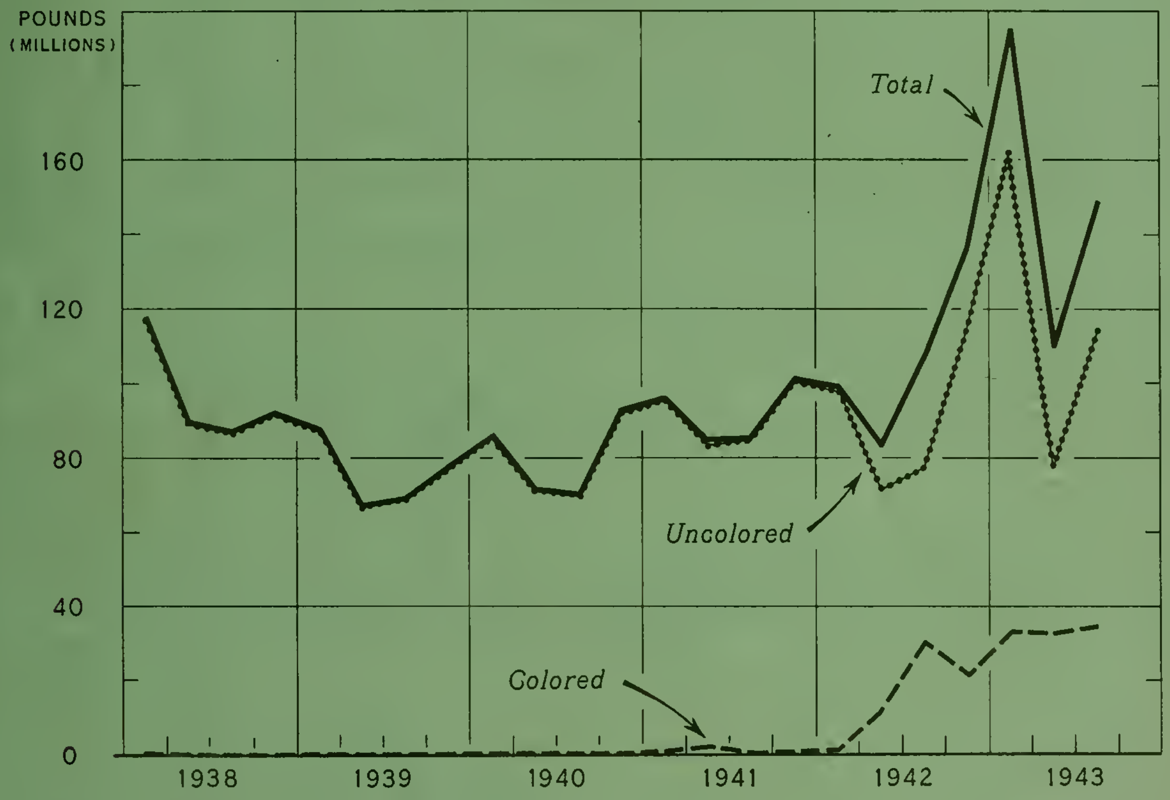
THE Fats and Oils SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FOS-81 BAE NOVEMBER 1943

MARGARINE: PRODUCTION IN THE UNITED STATES, BY QUARTERS, 1938-43



U. S. DEPARTMENT OF AGRICULTURE NEG. 43394 BUREAU OF AGRICULTURAL ECONOMICS

Use of fats and oils in margarine for civilian consumption has been subject to Government restriction since September 1942. Margarine production apparently approached the limit under this restriction in the first quarter of 1943, but declined sharply after the beginning of food fat rationing last March. With a tight butter situation, margarine production has increased again and for civilians it probably is now close to the maximum permitted (167 percent of the 1940-41 average). Colored margarine is produced almost entirely for export. Uncolored margarine is used almost exclusively for domestic civilian consumption.

Table 1.- Wholesale price per pound of fats and oils at specified markets, and index numbers of prices, October 1941 and 1942, August-October 1943

PRICES

Item	October		1943		
	1941	1942	August	September	October
	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	1/35.2	1/45.8	41.8	41.8	41.8
Butter, 92-score, New York	1/35.6	1/46.5	42.5	42.5	42.5
Oleomargarine, dom. veg., Chicago	17.3	19.0	19.0	19.0	19.0
Compounds (animal and veg. cooking fats), Chicago	16.1	17.0	17.0	17.0	17.0
Lard, loose, Chicago	9.9	12.5	12.8	12.8	12.8
Lard, prime steam, tierces, Chicago	9.8	13.5	13.8	13.8	13.8
Lard, refined, cartons, Chicago	12.0	15.3	15.6	15.6	15.6
Oleo oil, No. 1, barrels, New York	12.0	13.2	13.8	13.8	13.8
Oleostearine, bbl., N. Y.	10.2	10.5	10.5	10.5	10.5
Tallow, edible, Chicago	9.2	9.9	9.9	9.9	9.9
Corn oil, crude, tanks, f.o.b. mills	12.2	12.8	12.8	12.8	12.8
Corn oil, refined, bbl., N. Y.	15.4	15.5	15.5	15.5	15.5
Cottonseed oil, crude, tanks, f.o.b. S.E. mills	12.2	12.8	12.8	12.8	12.8
Cottonseed oil, p.s.y., tank cars, N. Y.	12.9	13.7	14.0	14.0	14.0
Peanut oil, crude, tanks, f.o.b. mills	12.1	13.0	13.0	13.0	13.0
Peanut oil, dom., refined, drums, N. Y.	15.9	17.0	16.5	16.5	16.5
Soybean oil, crude, tank cars, midwestern mills	10.4	11.8	11.8	11.8	11.8
Soybean oil, edible, drums, l.c.l., N. Y.	13.8	14.7	15.0	15.0	15.0
Coconut oil, Manila, crude, tanks, f.o.b. Pacific Coast 2/	9.8	11.0	11.0	11.0	11.0
Coconut oil, Manila, crude, bulk, c.i.f. N.Y. 2/	3/10.6	11.4	11.4	11.4	11.4
Coconut oil, Manila, refined, edible, tank cars, f.o.b.N.Y.2/4/	---	12.8	12.8	12.8	12.8
Olive oil, edible, drums, N. Y.	72.3	58.4	71.5	71.5	71.5
Olive oil, inedible, drums, N. Y.	54.4	50.0	55.3	55.3	55.3
Olive-oil foots, prime, drums, N. Y.	17.2	19.0	---	---	---
Palm oil, Niger, crude, drums, N. Y. 2/	11.6	12.1	12.1	12.1	12.1
Rape oil, refined, denatured, bulk, c.i.f., N. Y.	4/15.4	4/18.0	16.0	16.0	16.0
Sunflower oil, tank cars, f.o.b. N. Y.	---	14.3	14.3	14.3	14.3
Tallow, No. 1, inedible, Chicago	8.6	8.4	8.4	8.4	8.4
Grease, A White, Chicago	8.8	8.8	8.8	8.8	8.8
Menhaden oil, crude, tanks, f.o.b. Baltimore	8.1	8.8	8.9	8.9	8.9
Sardine oil, crude, tanks, Pacific Coast	8.2	8.9	8.9	8.9	8.9
Whale oil, refined, bleached winter, drums, N. Y.	11.1	11.1	12.3	12.3	12.3
Linseed oil, raw, tank cars, Minneapolis	10.0	12.4	14.4	14.5	14.5
Linseed oil, raw, drums, carlots, N.Y.	5/10.4	5/13.0	15.3	15.3	15.3
Perilla oil, crude, drums, N. Y.	22.8	24.5	24.5	24.5	24.5
Oiticica oil, drums, N. Y.	22.2	25.0	25.0	25.0	25.0
Tung oil, drums, N. Y.	36.0	39.0	39.0	39.0	39.0
Castor oil, No. 3, bbl., N. Y.	12.2	13.8	13.8	13.8	13.8
Castor oil, No. 1, tanks, N. Y.	11.8	13.0	13.0	13.0	13.0
Castor oil, dehydrated, drums, carlots, N. Y.	16.9	18.6	18.6	18.8	18.6
Cod-liver oil, med. U.S.P. bbl., N. Y.	38.0	36.4	36.5	36.5	36.5
Cod oil, Newfoundland, drums, N. Y.	10.5	12.0	12.0	12.0	12.0
INDEX NUMBERS (1924-29 = 100)					
Eight domestic fats and oils (1910-14 = 100)	119	149	142	142	142
Eight domestic fats and oils	84	106	101	101	101
All fats and oils (27 items)	93	111	108	108	108
Grouped by origin:					
Animal fats	81	104	96	96	96
Marine animal oils	120	127	132	132	132
Vegetable oils, domestic	116	126	132	132	132
Vegetable oils, foreign	144	145	157	157	157
Grouped by use:					
Butter	80	104	93	93	93
Butter, seasonally adjusted	77	101	96	92	90
Lard	75	103	105	105	105
Other food fats	133	133	139	139	139
All food fats	88	109	103	103	103
Soap fats	118	119	120	120	120
Drying oils	113	134	150	150	150
Miscellaneous oils	105	117	117	117	117
All industrial fats and oils	115	126	132	132	132

Prices compiled from Oil, Paint and Drug Reporter, The National Provisioner, The Journal of Commerce (New York), and reports of the Food Distribution Administration and Bureau of Labor Statistics. Prices quoted include excise taxes and duties where applicable. Index numbers for earlier years beginning 1910 are given in Technical Bulletin No. 737 (1940) and The Fats and Oils Situation beginning December 1940.

1/ Reflects open market sales only. Current figures refer to all types of wholesale trading for cash or short-time credit. 2/ Three-cent processing tax added to price as originally quoted. 3/ Tanks, N. Y. 4/ Quoted in drums. 5/ Converted to present basis of quotation.

THE FATS AND OILS SITUATION

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Summary

National acreage goals for 1944 oilcrops, based on State goals recommended by State committees, were announced in early November. These goals call for 13,654,000 acres of soybeans to be harvested for beans, 6,158,000 acres of peanuts to be grown alone, and 5,895,000 planted acres of flaxseed.

Achievement of these goals would increase soybean acreage 19 percent and peanut acreage 23 percent over the corresponding 1943 figures, but would result in a decline of 6 percent in flaxseed acreage. The cotton goal is about 1 percent over the 1943 acreage.

With normal yields per acre and about the same disappearance of the crops into noncrushing uses as in the past year, these acreages should result in an increase of approximately 350 million pounds in production of cottonseed, soybean, linseed, and peanut oils. If the output from other domestic oilseeds is about the same in 1944-45 as in 1943-44, total production of domestic vegetable oils in 1944-45 may be somewhat more than 4.3 billion pounds, compared with about 4 billion pounds expected in 1943-44.

But with a decline in output of lard likely in the next crop year, total production of fats and oils in 1944-45 from domestic materials might be slightly less than the 11.3 billion pounds that now seem likely in 1943-44.

Some moderation of the recent very tight situation in fats and oils has occurred as a result of seasonally high output of lard, soybean oil, cottonseed oil, and linseed oil. Increased imports of flaxseed and castor beans have helped. Prices of linseed oil at New York declined slightly below ceiling levels in early November. Prices of other fats and oils continue at ceiling levels. With export requirements continuing large and a prospect that they will increase, and with domestic civilian demand going partially unsatisfied under Government restriction orders, fats and oils remain in a strong position. Demand for domestic fats and oils probably will continue strong until the surplus-producing areas of the Western Pacific, now under Japanese control, are again accessible to the rest of the world.

Production of margarine declined sharply following the institution of rationing of food fats in late March. But with a scarcity of butter in retail stores in recent months, margarine output has increased again and production for domestic civilian consumption probably is now close to the maximum permitted under Food Distribution Order 42 (167 percent of average production for corresponding quarters of 1940 and 1941). Total production for the year may reach nearly 650 million pounds, with perhaps 520 million pounds available for domestic civilian consumption. Nearly all of the balance is for export under lend-lease. In 1942 total output was 426 million pounds, and in 1941, 368 million pounds.

-- November 24, 1943

OUTLOOK

BACKGROUND.- With the entrance of the United States into the war in December 1941 and the subsequent loss of most of our imports from the Far East, the fats situation was transformed from one of comparative abundance to one of critical supply. Production of domestic oilcrops was encouraged in 1942. The total output of fats and oils in the 1942 crop year was about 10 percent greater than in the previous year. Both domestic and export demands for fats also mounted and measures were taken to control prices and distribution. Production was further encouraged in 1943, with present indication pointing to a 7 percent increase in the 1943 crop year over 1942-43.

Increased Acreage of Oilcrops in 1944 Recommended

An increased acreage of oilcrops in 1944 is called for by the National acreage goals, announced in early November on the basis of State goals recommended by State committees. The goal for soybeans is set at 13,654,000 acres harvested for beans, 19 percent above the indicated acreage in 1943. The peanut goal is 6,158,000 acres grown alone for all purposes, representing an increase of 23 percent over the 1943 acreage. A reduction of 6 percent in the flaxseed acreage to 5,895,000 planted acres is recommended. The goal for cotton, 22,277,000 acres in cultivation on July 1, is about 1 percent over the acreage in cultivation on the same date in 1943. The total of these four goals is 48.0 million acres, an increase of about 7 percent over the corresponding acreage actually planted or harvested in 1943. Compared with the pre-war average (1937-41) the increase is about 35 percent.

Table 2.- Oilcrops: Acreage goals for 1944, with comparative data

Item	Average 1937-41	1942	1943 goal	1943 actual	1944 goal
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Cotton in cultivation July 1	26,358	23,302	22,500	21,995	22,277
Flaxseed planted	2,307	4,691	5,500	6,289	5,895
Peanuts grown alone for all purposes	2,361	4,384	1/	5,002	6,158
Soybeans harvested for beans	4,121	10,762	12,000	11,480	13,654
Total	35,147	43,139	---	44,766	47,984

1/ The 1943 goal for peanuts was 5,500,000 acres picked and threshed. On the basis of 1942 and 1943 experience, this would be equivalent to 6,300,000 or 6,400,000 acres grown alone for all purposes.

Total Production of Fats from Domestic Materials May Decline in 1944-45

Achievement of the 1944 acreage goals would result in an increase of about 350 million pounds in vegetable oil production in 1944-45, assuming average yields per acre and about the same disappearance of oilseeds in non-crushing uses as in the last year. Total production of vegetable oils from domestic materials would exceed 4.3 billion pounds, compared with an expected output of approximately 4 billion pounds in 1943-44.

Offsetting the prospective increase in vegetable oil production in 1944-45 is the likelihood of a decline in lard production. Total lard output (including noninspected production) in 1943-44 may reach 3.2 billion pounds, over 450 million pounds more than a year earlier. But with a less favorable hog-corn ratio and a smaller supply of feed concentrates per animal in 1944 than in 1943, a substantial reduction is expected in the 1944 pig crop. This in turn would result in a material decline in lard production in the year beginning October 1944. Present prospects, therefore, indicate that the decline in animal fat production in 1944-45 may more than offset the projected increase in vegetable oil output.

Butter Production Estimate for 1943-44 Reduced

Partly as a result of a deterioration in the outlook for butter production, total output of fats and oils from domestic materials in the crop year 1943-44 is now expected to amount to about 11.3 billion pounds, 200 million pounds less than forecast a month ago. The estimated quantity of soybeans available for crushing also has been reduced. Production of creamery butter in April-June 1943 was nearly the same as in the corresponding months of 1942, but in July-September it was about 6 percent below a year earlier. In October and early November a further decline from the 1942 level occurred. This declining trend has resulted from a greater than seasonal decline in total milk production and from an increasing demand for fluid milk and cream in city markets, which has diverted milk from manufactured products such as butter.

It is estimated that total milk output in 1944 will be slightly less than in 1943 if feed supplies are distributed among the several classes of livestock in 1944 as in 1943. Also fluid milk and cream consumption probably will continue higher than a year earlier -- even though the upward trend is checked under recent Government orders restricting monthly sales of fluid milk and cream in important fluid milk markets to 100 percent and 75 percent, respectively, of June 1943 sales. Butter production (including farm butter) in the 12 months beginning October 1943 is now expected to total about 1,960 million pounds, 7 percent less than a year earlier.

Little Change Expected in Civilian Food Fat Supplies Despite Increased Supplies of Fats and Oils

Total supplies of fats and oils in the 12 months beginning October 1943, including imports, may be about 1 billion pounds greater than a year earlier, chiefly as a result of increased production from domestic materials. Lard output may increase about 450 million pounds, and soybean and linseed oil production will increase substantially. An increase of perhaps 300 million pounds in imports also is expected. The supply of food fats for domestic civilian consumption, however, probably will not rise from the present level under rationing of approximately 44 pounds per capita annually. A large part of the increase in lard production is expected to be required for soap. Supplies of inedible tallow and greases, coconut oil, and palm oil, the principal fats normally used in soap, are not sufficient to meet soap makers' needs, even at the present restricted rate of soap production. Increases in supplies of fats and oils other than lard will be used to meet expanded military and lend-lease requirements and to rebuild stocks to normal working levels.

Less Butter but More Margarine for Civilians Probable in 1944; Total Table Fat May Decrease Slightly

Apparent civilian consumption of butter and margarine in 1943 may total about 17 pounds per capita compared with approximately 18.5 pounds in 1942 and an average of 19.7 pounds annually in 1935-39. A slight reduction from the 1943 level is likely also in 1944, assuming continuation of present quotas for margarine manufacture.

Civilian butter consumption apparently was slightly lower in the third quarter of 1943 (July-September) than in the preceding 3-month period, largely as a result of a seasonal decline in production and continued accumulation of stocks by Government agencies to meet lend-lease and military requirements in the fall and winter months. Government purchases of butter, other than butter previously set aside, were discontinued in October, and it was announced that purchases would not be resumed until April 1944. As a result, supplies available for civilians probably will increase somewhat in the fourth quarter of 1943 (October-December). Total civilian consumption of butter in 1943 may be slightly over 13 pounds per capita, compared with 15.7 pounds in 1942 and an average of 16.8 pounds in 1935-39. In 1944, war requirements for butter -- consisting mainly of the needs of the United States armed forces but also including shipments to the Russian Army -- will continue large. Hence, with a decline in production expected, the supply of butter for civilians may be about 1 pound per capita smaller in 1944 than in 1943.

Use of fats and oils in margarine for civilian consumption has been restricted since September 1942 by the provisions of Food Distribution Order 42 In the first 6 months of 1943, manufacturers were allowed 180 percent of average use in corresponding quarters of 1940 and 1941. This percentage was reduced to 167 percent for the second 6 months of the year. Production for civilians was close to the maximum permissible rate in the first quarter of the year, but a substantial decline occurred in the second quarter, reflecting in part the institution of food fat rationing in late March. During the third quarter (July-September), with butter scarce in retail stores in many areas of the country, particularly in the Eastern States, consumption of margarine increased rapidly and in September approached manufacturers' maximum rate of output.

Production of margarine for civilians in the fourth quarter could be increased about 40 percent over the third-quarter level without exceeding manufacturers' quotas. If civilian demand continues strong and this increase occurs, civilian disappearance in 1943 would total about 4.1 pounds per capita (actual weight) compared with 2.8 pounds in 1942 and an average of 2.9 pounds in 1935-39. With a continuation of the present quota percentage of 167 percent of base-period use, manufacturers could produce a maximum of about 4.9 pounds of margarine per capita for civilian consumption in 1944.

Margarine Production Expected to Approach 650 Million Pounds in 1943

In addition to the civilian output, a substantial quantity of margarine has been produced in 1943 for export, mainly under lend-lease. Total 1943 production for noncivilian uses probably will reach about 125 million pounds. The civilian output may total 520 million pounds, assuming a near-maximum level of output in October-December. Hence, total output for the year would reach nearly 650 million pounds compared with 426 million pounds in 1942. In 1941, when output was almost exclusively for domestic civilian consumption, the total was 368 million pounds.

Table 3.- Margarine: Estimated maximum permissible production and actual production, by quarters, 1943

Period	1943 Estimated base-period production for civilian use	Estimated civilian production quota Percentage of base period permitted under FDO-42	Estimated civilian production quota Quantity	Allocation to exempt uses (mainly lend-lease) 1/	Estimated maximum permissible production	Actual production as reported by Bureau of Internal Revenue
	Mil. lb.	Pct.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Jan.-Mar.	93	180	167	2/ 31	198	195
Apr.-June	82	180	148	24	172	110
July-Sept.	82	167	137	39	176	149
Oct.-Dec.	98	167	164	30	194	---
Year	355	---	616	124	740	---

1/ Converted from fat content to finished weight basis by dividing the allocation of fats and oils by .80. Margarine, like butter, contains approximately 80 percent fat.

2/ Estimated; no allocations were made in the first quarter of 1943.

Same Production of Olive Oil Expected This Year as Last; Stocks at Low Level

With 61 percent of a full crop of California olives indicated November 1 -- the same figure as a year earlier -- 1943 olive production probably will not differ greatly from production in 1942, when 58,000 tons were harvested. As the percentage of the crop to be crushed also is expected to be about the same as last year, the output of olive oil in the 1944-45 crop year probably will not be greatly different from the 10 million pounds produced in 1943-44.

Prices at New York for edible olive oil rose to ceiling levels in early 1943 and those for the California oil are now about 14 percent higher than a year ago. With demand strong and supplies limited, factory and warehouse stocks of edible olive oil declined to 2.6 million pounds on October 1, 1943, compared with 7.1 million pounds a year earlier. Consumption of olive oil, unlike that of other food fats, is not limited by rationing. Disappearance in either 1943 or 1944 probably will not greatly exceed the 1942 figure of 16 million pounds. Consumption of edible olive oil in the pre-war years (1935-39) averaged about 65 million pounds annually. Most of this quantity was imported.

RECENT DEVELOPMENTS

Reduction Indicated in 1943 Peanut Crop

The 1943 peanut crop was indicated November 1 to be about 2,682 million pounds (picked and threshed) compared with 2,769 million pounds indicated a month earlier. Assuming a disappearance of 500 million pounds into non-commercial uses -- such as seed, feed, home use, and local sales by farmers -- and the sale of 1,400 million pounds to cleaners and shellers -- which amount is the maximum permitted under Commodity Credit Corporation Order No. 4 -- less than 800 million pounds will remain for crushing. Production of oil from this quantity of farmers' stock peanuts, together with output from oilstock peanuts (inferior kernels produced as a byproduct of shelling operations), probably would not amount to more than 240 million pounds.

There was little change in November in the indicated production of other oilcrops. The figure for soybeans is now 206 million bushels, for flaxseed 51.5 million bushels, and for cottonseed (calculated on the basis of 11,442,000 bales) 5,079,000 tons.

Large Carry-Over of Soybeans on October 1

Stocks of soybeans in all positions on October 1, 1943, amounted to 12.9 million bushels. About 4.9 million bushels of this total were on farms and about 4.8 million bushels at crushing plants. Total stocks a year earlier were estimated at 6 million bushels. Comparable figures for the years before 1942 are not available, but, in view of the much smaller crops in those years than now, the October 1 carry-overs probably were very small.

With total stocks on July 1, 1943, reported at 45.3 million bushels, apparent disappearance of soybeans in July-September was 32.4 million bushels. Crushings in the same period were 28.7 million bushels. This would leave 3.7 million bushels for export, feeding to livestock, and processing for human consumption.

Production of Fats and Oils Increased in September; Factory and Warehouse Stocks Reduced

Factory production of primary fats and oils in September amounted to 837 million pounds, 99 million pounds more than a month earlier. Seasonal declines in butter and lard production, amounting to 25 and 24 million pounds, respectively, were more than offset by increases of 113 and 37 million pounds in the output of cottonseed and linseed oils. Fish oil production also increased substantially in September, but the output of soybean oil declined. (Table 5.)

Factory and warehouse stocks of fats and oils on September 30 totaled 1,888 million pounds (crude basis), 43 million pounds less than a month earlier. This probably is the seasonal low point for the year. Stocks of lard declined 65 million pounds in September, reflecting seasonally small production, use of lard in soap, and a reduction of 23 million pounds in Government-held stocks. Material declines also occurred in stocks of soybean oil, peanut oil, and greases. There was a seasonal increase of 34 million pounds in holdings of cottonseed oil. (Table 6.)

Included in the September 30 total were 115 million pounds of lard and rendered pork fat and 164 million pounds of butter held in cold storage by Government agencies and the Dairy Products Marketing Association. Government-held stocks of other fats and oils, including linseed oil, fish oil, and imported oils, are a part of the reported total.

Compared with a year earlier, September 30 factory and warehouse stocks showed an increase of 80 million pounds. As a result of Government accumulations in the spring and summer of 1943, total cold-storage holdings of lard were 133 million pounds greater than a year earlier and total holdings of butter were up 109 million pounds. An increase of 89 million pounds occurred in soybean oil stocks. The principal decreases from a year earlier were in inedible tallow and greases (126 million pounds), cottonseed oil (63 million pounds), and linseed oil (60 million pounds).

Factory production of fats and oils in the third quarter of 1943 (July-September) totaled 2,327 million pounds, 10 percent more than a year earlier. There were large increases in the output of lard and soybean oil, partially offset by substantial declines in production of butter and inedible tallow. The output of greases and fish oils was greater than a year earlier. Among the relatively minor items, production of oleo oil and oleostearine showed a large percentage decline, but the output of edible tallow increased slightly.

Government Purchases of Fats and Oils Small in October

Purchases of fats and oils by the War Food Administration in the 4 weeks ended October 30 amounted to 21 million pounds, the smallest monthly figure since December 1941. Included in the total were 10 million pounds of butter, 5 million pounds of lard and rendered pork fat, and 4 million pounds of vegetable oils. The butter was acquired from stocks accumulated before October by the Dairy Products Marketing Association or by authorized receivers under the set-aside order. War Food Administration purchased 1,356 million pounds of fats and oils in the first 10 months of 1943 compared with 1,027 million pounds in the full year 1942. Lard purchases by the War Food Administration in early November were at a record level.

Table 4.- Purchases of fats and oils by the War Food Administration, 1941-43

Item	1941	1942	1943 Sept.	1943 Oct. 1/	1943 Jan.-Oct. 2/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Butter	3/	34	29	10	91
Lard and rendered pork fat	326	654	2	5	591
Other animal fats and oils 4/	2	30	3	1	57
Vegetable oils	---	170	23	4	485
Shortening	---	46	3/	1	62
Margarine (fat content) 5/	1	77	1	3/	50
Soap (fat content) 5/	---	16	1	3/	20
Total fat equivalent	329	1,027	59	21	1,356

Compiled from reports of the War Food Administration.

1/ Four weeks ended October 30, 1943.

2/ Computed from unrounded numbers.

3/ Less than 500,000 pounds.

4/ Includes fish-liver and fish oils.

5/ Fat content estimated at 80 percent for margarine, 55 percent for soap.

Soap Sales Increased In July-September

Sales of soap other than liquid soap by 65 manufacturers, representing approximately 90 percent of the total volume of nonliquid soap produced and sold in the United States, were reported by the Association of Soap and Glycerine Producers to have been 699 million pounds in the third quarter of 1943 (July-September). This was about 7 percent more than in the second quarter but 6 percent less than in the third quarter last year. Sales in the first 9 months of 1943 amounted to 2,069 million pounds, 8 percent less than a year earlier and 9 percent under the average for the corresponding periods of 1940 and 1941.

Third-quarter sales of liquid soap by 41 manufacturers totaled about 897,000 gallons, 25 percent more than in the preceding quarter and 66 percent more than in the third quarter of 1942. A marked upward trend in liquid soap sales is apparent. The total for the first 9 months of 1943, about 2,370,000 gallons, is 27 percent greater than for the corresponding period of 1942 and 42 percent above the average for the first 9 months of 1940 and 1941.

Fats and Oils Prices Lower Than A Year Ago

With prices of fats and oils unchanged in October, the index number of wholesale prices of 27 major fats and oils remained at 108 percent of the 1924-29 average for the fourth successive month. Reflecting the reduction last June in maximum prices for butter, the October index number was 3 points lower than a year earlier. This is the first time since January 1941 that the index has indicated a lower level for prices of fats and oils than a year earlier.

Prices of linseed oil at New York declined slightly below ceiling levels in early November, reflecting increased crushing of imported flaxseed at Eastern mills in recent weeks. Prices of No. 1 flaxseed at Minneapolis, which had returned to the ceiling level of $3.05 per bushel in late October, showed no tendency to decline in November. With export and military requirements for linseed oil expected to continue large, a major decline in flaxseed and linseed oil prices is not likely in the 1943-44 season, even though a record crush of flaxseed is expected.

Prices of shelled Spanish peanuts at country shipping points in the Southeastern and Southwestern areas, which had been slightly under ceiling levels in October, were quoted in mid-November mostly at the ceilings.

RECENT GOVERNMENT ACTIONS

Cottonseed, Peanut, Soybean, and Corn Oils: Again Prohibited in Many Industrial Uses

Food Distribution Order 29, which restricts the use and distribution of cottonseed, peanut, soybean, and corn oils, was amended effective November 23 to prohibit the use of these oils in the manufacture of the following products: Soap, paint, varnish, lacquer, and other protective coatings; linoleum (including felt-base floor coverings), oilcloth, and coated fabrics; printing inks; animal and poultry feeds; and core oil. Exemptions were made, however, for use in soap for medicinal purposes or soft soap for Army use, and for the use of soybean oil in synthetic resins or as a plasticizer in lacquers or coated fabrics other than linoleum and oilcloth. Provisions similar to these had been in force under Food Distribution Order 42, beginning January 1, 1943. The ban against soybean oil had been removed, however, effective July 10, and allocations after that date under Order 29 had included substantial quantities of soybean oil to soap makers. Effective October 14, all restrictions on uses of individual fats or oils were eliminated from Order 42. Restrictions of this type are now included in Food Distribution orders (such as No. 29) dealing with specific fats or oils.

Reduced Percentage of Linseed Oil Reserved for Government Purchase

In Amendment 1 to Food Distribution Order 56, effective October 26, the War Food Administration reduced from 45 to 25 the percentage of linseed oil production that crushers are required to offer to Government agencies. The original order had been issued in late June to assure an adequate supply of linseed oil to meet lend-lease commitments, mostly for shipment to Russia. Purchases of linseed oil by the War Food Administration (including contracts for forward delivery) totaled more than 100 million pounds in both June and July but have been relatively small in more recent months.

Food Distribution Order 57 was terminated as of October 26. This order had required holders of large quantities of linseed oil on June 24 to offer 25 percent of their inventories to the Government.

Inventories of Fatty Acids Limited

With a strong wartime demand for fatty acids and with total stocks near a record low level, the War Food Administration issued regulations designed to restrict the purchased inventory of any user to about a 60-days' supply. Food Distribution Order 87, effective November 1, prohibits any user of fatty acids from accepting delivery of a quantity that would cause his inventory, excluding fatty acids produced by himself, to exceed one-third of his total use of fatty acids in the base period (January-June 1943), plus a quantity equal to the maximum unit or lot (such as a tank car or a certain number of drums) he purchased during that period. Users whose inventories do not exceed 3,000 pounds at any time and who accept delivery of not more than 500 pounds in 1 month are exempted from these restrictions.

Restrictions Eased on Users' Inventories of Inedible Tallow and Greases

Under Amendment 1 to Food Distribution Order 67, effective November 20, users' inventories of inedible tallow and greases may not exceed a quantity equal to about a 60-day supply. The maximum under the original order was a 45-day supply. Producers' and dealers' inventories remain limited to a 15-day supply. Under the amendment, inventories of mixed fatty acids from tallow or grease are no longer subject to the provisions of this order. However, such inventories are limited, along with those of other fatty acids, by Food Distribution Order 87.

Private Importers to Resume Trade in Certain Fats, Oils, and Seeds

Since July 1942 all fats, oils, and oil-bearing materials imported into the United States have been purchased by Commodity Credit Corporation. A wartime importers' association was organized in September 1942 to act as exclusive importing agent for the Corporation. The War Food Administration and the War Production Board announced on November 11, 1943, however, that, subject to the provisions of General Imports Order M-63, private importers would be permitted in the future to purchase the following items abroad: Castor and oiticica oils; cashew shell liquid from Brazil; sesame seed, tucum and murumuru kernels and oils; glycerin from Argentina and Canada; oleic acid, stearic acid, and corn oil. The use and distribution of these commodities after importation will be subject to the provisions of applicable Food Distribution orders.

Food Distribution Order 46, which required 25 percent of imports of coconut, babassu, and palm-kernel oils to be set aside for war uses, was terminated October 27 by the War Food Administration. The order, originally issued in September 1942, had become unnecessary because imports and distribution of these oils are now controlled under other Government regulations.

Peanut Butter Prices Reduced

In accordance with a plan announced in early October, a reduction of 4-1/2 cents per pound was made, effective November 1, in maximum prices to be charged by manufacturers for peanut butter sold in containers of 2 pounds or less to distributors for civilian consumption in the United States. Maximum prices for sales to other buyers, including institutions and Government agencies, were not changed. This action was taken in Amendment 4 to Maximum Price Regulation 335. At the same time, Commodity Credit Corporation made an offer to manufacturers to pay 4-1/2 cents per pound on all sales subject to the reduction in maximum prices. In this way, manufacturers' margins will not be affected by the price reduction, nor will a reduction in prices of peanuts be necessary.

Maximum wholesalers' and retailers' mark-ups on peanut butter are fixed percentages of the cost price. Hence, the 4-1/2 cent reduction in the manufacturers' price is expected to result in a 6 to 7 cent reduction in retail prices of peanut butter.

Maximum Price Regulation for Fats Amended in Minor Particulars

Effective November 17, persons who sell edible pork fat or lard but who prior to January 1, 1943, customarily sold more than 75 percent of their output of this product for inedible use, were required to use the schedule of maximum prices for inedible greases when the product is to be used for inedible purposes. This regulation, issued in Amendment 8 to Maximum Price Regulation 53, was designed to correct the practice among some sellers of pigskin grease of asserting that the product is edible and therefore subject to maximum prices for lard and edible pork fat, which are considerably higher than maximum prices for greases.

Amendment 9 to Maximum Price Regulation 53, effective November 22, requires sellers of linseed oil to deduct their customary discounts for prompt delivery in calculating their maximum prices under the Regulation.

SUBSIDIES ON OILSEEDS AND THEIR PRODUCTS, 1943-44

Commitments by Commodity Credit Corporation made in connection with the programs for oilseeds and their products in the 1943-44 marketing year involve contingent liabilities to the Corporation totaling about 60 million dollars. This is in addition to the roll-back subsidy on butter which is financed by Reconstruction Finance Corporation.

Arrangements with oilseed crushers have been made to support prices to producers for soybeans, flaxseed, and peanuts at the increased levels announced in early 1943 to encourage an expanded production of these crops. In addition, minimum cottonseed prices are being supported through an offer, which was available to crushers, to purchase cottonseed oil and meal and part of the linter production under certain conditions. The Corporation will sustain a loss in carrying out the soybean and peanut programs. Little loss is likely under the programs for flaxseed and cottonseed.

Soybeans. The schedule of minimum prices to producers for 1943-crop soybeans is based on $1.80 per bushel for No. 1 or 2 green or yellow beans of 14 percent moisture content and $1.60 per bushel for No. 1 or 2 black, brown, or mixed beans, 14 percent moisture. Crushing mills, all operating under contract with Commodity Credit Corporation, must pay producers these minimum prices or better, or buy from country elevators which have done so. Soybeans purchased by crushers must be sold to Commodity Credit Corporation at $1.80 or $1.60 per bushel, depending on color of the beans, and repurchased from the Corporation at prices determined by the size of the crusher's plant, type of equipment used, and oil content of the beans. The Corporation makes a profit on the beans crushed in the more efficient mills, but this profit will be more than offset by a loss on beans crushed in less efficient plants. The plan is designed to provide a margin sufficient to enable the old-type plants in the main soybean-producing area to operate.

Even with full utilization of all available crushing capacity in the main soybean-producing area, a part of the crop will have to be moved elsewhere for crushing. The surplus, amounting to 20 to 25 million bushels, will be shipped mostly to Southern mills, with some going to the Pacific Coast. The extra transportation charges resulting from this movement will be paid by Commodity Credit Corporation.

Peanuts. Shellers, crushers, and cooperative producer associations will act as agents of Commodity Credit Corporation in the marketing of the 1943 crop of peanuts. Farmers will be paid support prices mostly between 6.25 cents and 7.5 cents per pound, depending on the type and quality of the goods delivered. The peanuts will then be sold to cleaners and shellers at prices around 1.5 cents per pound over the price to farmers, and to crushers at prices in the neighborhood of 2.5 cents lower. If present crop indications are borne out, nearly 2,200 million pounds of farmers' stock peanuts may be available for cleaning, shelling, and crushing. Commodity Credit Corporation Order No. 4 limits the use of farmers' stock peanuts in cleaning and shelling to 1,400 million pounds. This would leave nearly 800 million pounds for crushing. If the indicated proportions between cleaning and shelling, on the one hand, and crushing on the other, are realized, some profit will accrue to the Corporation from this part of the program.

Peanut Butter. Commodity Credit Corporation will make payments of 4.5 cents per pound on peanut butter shipped by manufacturers after October 31 for consumer use in continental United States, excluding use by industrial, institutional, or Government agencies. Manufacturers' ceiling prices for such sales were reduced by the same amount effective November 1. With wholesalers' and retailers' maximum mark-ups on a percentage basis, a decline of 6.5 to 7 cents per pound is expected in retail prices of peanut butter. These steps were taken as part of a more general program, announced in August, to "roll-back" retail prices of a number of food products.

Flaxseed and Cottonseed. With present ceiling prices for linseed oil and meal and with a strong demand for these products, market prices of flaxseed probably will remain well above the support level of $2.85 per bushel for No. 1 seed, Minneapolis. Cottonseed prices are being supported at a level comparable with prices of other oilseeds ($56.00 per ton at shipping points in Oklahoma and Texas and $55.00 per ton in other States). Commodity Credit Corporation offers to purchase linseed oil and meal and cottonseed oil and meal at specified prices from mills that have paid support prices or higher for flaxseed and cottonseed. Little loss to the Corporation appears likely to result from either of these program, as prices of all vegetable oils and high-protein feeds are expected to be at or near ceiling levels without Commodity Credit Corporation support throughout 1943-44.

1942-43 Program. Somewhat similar programs for supporting oilseed prices were carried on by Commodity Credit Corporation in 1942-43. In addition, a subsidy of 1/2 cent per pound on refined cottonseed, soybean, and peanut oils for use in food products was paid to refiners in compensation for a "roll-back" of wholesale prices of cooking and salad oils and manufactured shortening. This subsidy was discontinued at the end of the 1942-43 season.

Table 5.- Factory production of fats and oils, third quarter 1941-43, September 1942, August and September 1943, and indicated crop-year production from domestic materials, 1940-43

Item	July-Sept. 1941	July-Sept. 1942	Sept. 1942	1943 Aug.	1943 Sept.	1943 July-Sept.
Animal fats and oils	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Creamery butter	509.8	491.3	137.4	151.9	126.5	459.7
Inspected lard and rendered pork fat	298.7	363.9	118.2	165.4	141.0	506.5
Greases excluding wool grease	121.1	125.4	40.5	46.6	43.5	138.3
Neat's-foot oil	1.2	1.1	.3	.2	.2	.6
Oleo oil	21.7	27.1	8.0	7.7	5.7	21.2
Stearine, animal, edible	10.4	13.1	3.9	3.9	3.0	10.1
Tallow, edible	24.7	31.0	10.2	11.5	10.8	32.5
Tallow, inedible	207.2	244.6	80.9	68.5	70.5	204.3
Wool grease	3.0	4.2	1.6	1.2	1.3	3.7
Fish-liver oil	1/ .6	1.4	.5	.8	.8	2.5
Fish oil	98.4	64.5	26.7	23.3	45.1	82.2
Total, animal	1,296.8	1,367.6	428.2	481.0	448.4	1,461.6
Vegetable oils, crude basis						
Castor oil	39.7	29.3	7.0	10.3	11.8	28.0
Coconut oil	70.4	26.1	9.5	11.4	16.3	34.4
Corn oil	53.6	61.9	20.6	19.5	20.4	57.4
Cottonseed oil	190.2	212.4	161.7	40.0	152.9	212.6
Linseed oil	236.7	225.1	72.0	68.0	105.0	234.0
Peanut oil	7.3	21.4	1.8	13.6	4.7	27.2
Soybean oil	115.6	172.6	55.4	91.2	76.3	263.9
Other vegetable oils	10.0	3.1	1.7	3.5	1.4	8.0
Total, vegetable	723.5	751.9	329.7	257.5	388.8	865.5
Grand total	2,020.3	2,119.5	757.9	738.5	837.2	2,327.1

Item	Year beginning	Indicated production from domestic materials 1940-41	1941-42	1942-43	1943-44 2/
		Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Butter, including farm	Oct.	3/2,287	3/2,142	2,112	1,960
Lard and rendered pork fat, total	Oct.	3/2,285	2,440	2,739	3,200
Inedible tallow and greases, total	Oct.	1,492	3/1,733	2/1,600	1,650
Edible tallow, oleostearine, oleo stock, and oleo oil	Oct.	218	277	271	295
Neat's-foot oil	Oct.	4	5	3	4
Wool grease	Oct.	14	15	15	15
Marine animal oils	July	175	215	163	180
Corn oil	Oct.	3/ 186	242	240	240
Cottonseed oil	Aug.	1,425	1,250	1,400	1,240
Linseed oil 4/	July	494	546	729	900
Olive oil	Nov.	11	8	10	10
Peanut oil	Oct.	174	3/ 78	133	240
Soybean oil	Oct.	564	707	1,198	1,350
Tung oil	Dec.	4	2	5	3
Total		9,333	9,660	10,618	11,287

Compiled from reports of the Bureau of the Census and the Department of Agriculture. Monthly reports do not show total production of butter, lard, inedible tallow, and greases.

1/ Cod and cod-liver oils only. 2/ Based on most recent indications, subject to change. 3/ Revised. 4/ Domestic production.

Table 6.- Factory and warehouse stocks of specified fats and oils, crude basis, September 30, 1941-43, July 31 and August 31, 1943

Item	Sept. 30, 1941	Sept. 30, 1942	1943 July 31	1943 Aug 31	1943 Sept. 30
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Animal fats and oils					
Butter	203.0	123.6	210.5	231.5	232.5
Lard and rendered pork fat	218.0	62.1	241.0	260.0	195.4
Greases, excluding wool grease	97.9	98.7	97.2	98.1	85.9
Neat's-foot oil	2.3	2.9	2.3	2.4	2.8
Oleo oil	5.0	3.5	10.9	9.3	8.0
Stearine, animal, edible	4.7	2.3	3.8	3.2	2.7
Tallow, edible	6.6	10.5	16.0	14.4	12.9
Tallow, inedible	271.4	236.7	118.6	118.9	122.4
Wool grease	5.1	5.3	3.2	3.0	3.1
Cod and cod-liver oil	9.7	14.8	12.4	13.7	13.0
Other fish-liver oil	1/	2.4	2.1	1.9	1.8
Fish oil	118.2	124.4	87.4	92.2	125.2
Marine mammal oil	34.7	40.5	54.0	41.0	37.8
Total, animal	976.8	727.7	859.5	889.7	844.4
Vegetable oils, crude basis 2/					
Babassu oil	2.6	11.6	14.2	10.1	11.5
Castor oil 3/	15.8	29.1	34.7	43.8	45.9
Coconut oil	204.4	136.2	170.8	157.1	155.4
Corn oil	41.3	41.6	33.7	32.5	30.2
Cottonseed oil	271.4	279.8	244.5	183.0	217.0
Linseed oil	161.2	242.9	189.8	177.2	182.4
Oiticica oil	---	9.0	6.2	6.5	6.3
Olive oil, edible	7.8	7.1	3.2	3.0	2.6
Olive oil, inedible and foots	15.7	11.9	7.7	7.2	6.6
Palm-kernel oil	4.5	1.5	.3	4/	4/
Palm oil	125.0	94.6	75.4	75.3	69.5
Peanut oil	35.1	15.6	41.0	42.5	31.7
Perilla oil	6.5	2.8	1.0	.9	.8
Rape oil	13.8	17.9	25.7	23.7	22.7
Sesame oil	.4	.1	1.7	1.5	1.1
Soybean oil	68.1	111.1	223.2	217.0	200.1
Tung oil	32.7	32.3	29.6	28.2	27.4
Other vegetable oils	17.9	35.1	30.4	31.4	32.1
Total, vegetable	1,024.2	1,080.1	1,133.1	1,040.8	1,043.3
Grand total	2,001.0	1,807.7	1,992.7	1,930.5	1,887.7

Compiled from reports of the Bureau of the Census; except butter and lard, Food Distribution Administration. Totals computed from unrounded numbers. Includes stocks held by Government.

1/ Included in fish oil.

2/ Crude plus refined converted to crude basis by dividing by the following factors: Babassu, corn, cottonseed, palm-kernel, and palm oils 0.93; coconut, peanut, and soybean oils 0.94.

3/ Includes stocks of dehydrated castor oil converted to crude basis by dividing by 0.88.

4/ Not separately reported.

Table 7.- Prices of specified oil-bearing materials, October 1941 and 1942, August-October 1943

Item	Unit	Oct. 1941	Oct. 1942	1943 Aug.	1943 Sept.	1943 Oct.
		Dollars	Dollars	Dollars	Dollars	Dollars
Castor beans, Brazilian, f.o.b. Brazilian ports ...	Long ton	1/75.90	75.00	75.00	75.00	75.00
Cottonseed, United States farm price	Short ton	50.89	46.46	50.90	51.90	52.50
Flaxseed, No. 1, Minneapolis	Bushel	1.87	2.46	3.02	3.05	2.99
Flaxseed, United States farm price	"	1.64	2.25	2.80	2.84	2.79
Peanuts, No. 1 shelled Spanish, Southeastern shipping points	100 pounds	7.25	11.78	14.25	14.25	14.00
Peanuts (for nuts and oil), United States farm price .	"	4.41	5.77	7.17	7.15	7.05
Soybeans, United States farm price	Bushel	1.42	1.58	1.68	1.69	1.80

Compiled from Oil, Paint and Drug Reporter, Daily Trade Bulletin (Chicago), Chicago Journal of Commerce, Daily Market Record (Minneapolis), and reports of the Bureau of Agricultural Economics.

1/ C. and f., New York.

Table 8.- Price per ton of specified oilseed meals, October 1941 and 1942, August-October 1943

Item 1/	Oct. 1941	Oct. 1942	1943 Aug.	1943 Sept.	1943 Oct.
	Dollars	Dollars	Dollars	Dollars	Dollars
Copra meal, Los Angeles	38.55	52.90	51.50	51.50	51.50
Cottonseed meal, 41 percent protein, Memphis	36.00	36.25	49.00	48.50	48.50
Cottonseed meal, 41 percent protein, Chicago	41.45	41.90	54.47	54.47	54.45
Linseed meal, 34 percent protein, Minneapolis	37.50	36.45	45.50	45.50	45.50
Linseed meal, 32 percent protein, New York	31.25	33.75	45.00	45.00	45.00
Peanut meal, 45 percent protein, f.o.b. Southeastern mills	34.00	37.75	53.00	53.00	53.00
Soybean meal, 41 percent protein, Chicago	37.95	42.70	51.90	51.90	51.90

Compiled from records of the Food Distribution Administration.

1/ Bagged carlots.

Table 9.- Oleomargarine: Production, withdrawals for consumption, and materials used in manufacture, United States, September 1941 and 1942, July-September 1943

Item	Sept.		1943 1/		
	1941	1942	July	Aug.	Sept.
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Production:					
Colored	257	9,260	2/14,977	15,377	4,092
Uncolored	32,872	30,344	2/28,978	38,574	46,514
Total 3/	33,129	39,604	43,956	53,950	50,606
Tax-paid withdrawals for United States consumption 4/	33,097	29,537	31,082	38,144	46,676
Materials used:					
Oleo oil	1,795	2,217	1,210	1,191	1,331
Oleostearine	356	215	252	272	345
Oleostearine oil	131	---	---	---	---
Lard, neutral	544	735	753	809	962
Oleo stock	220	335	293	315	253
Tallow	---	24	22	23	34
Butter	---	---	---	---	---
Monostearine	15	10	28	35	37
Total, animal	3,061	3,536	2,558	2,645	2,962
Cottonseed oil	12,524	13,487	15,051	20,650	23,852
Soybean oil	5,847	14,496	16,796	17,498	12,631
Linseed oil	---	---	569	2,641	638
Peanut oil	181	75	201	266	629
Corn oil	43	142	191	214	285
Cottonseed stearine	---	62	5	7	6
Soybean stearine	1	---	---	7	3
Soya flakes	---	---	3	6	5
Total domestic vegetable	18,596	28,262	32,816	41,289	38,049
Babassu oil	290	---	---	---	---
Coconut oil	3,574	---	---	---	---
Palm oil	905	---	---	---	---
Palm-kernel oil	499	---	---	---	---
Total, foreign vegetable	5,268	---	---	---	---
Total, fats and oils	26,925	31,798	35,374	43,934	41,011
Milk	6,044	7,143	7,352	9,063	8,768
Salt	1,133	1,274	1,431	1,758	1,662
Derivative of glycerin	73	71	79	98	87
Lecithin	17	24	34	44	46
Soda (benzoate of)	15	23	28	34	28
Vitamin concentrate	7	8	9	11	10
Color	---	---	8	9	3
Miscellaneous	1	5	4	2	2
Total, other materials	7,290	8,548	8,945	11,019	10,606
Total, all materials	34,215	40,346	44,319	54,953	51,617

Compiled from Internal Revenue records and Internal Revenue Bulletin.

1/ Preliminary. 2/ Revised. Corrected June figures: Colored, 13,234,000 pounds; uncolored, 22,828,000 pounds. 3/ Total of unrounded numbers.

4/ Excludes withdrawn free of tax for use in Federal institutions, and withdrawn for export.

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